SUPREME COURT, U. S.

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IN THE

Supreme Court of the United States

October Term, 1971

No. 71-537

THE ANSUL COMPANY, DALY-HERRING CO., CAROLINA CHEMICAL CO., LOUISVILLE CHEMICAL CO., FOOD MACHINERY CO. and TRIANGLE CHEMICAL CO.,

Petitioners,

vs.

UNIROYAL, INC.,

Respondent.

PETITIONER'S REPLY BRIEF TO BRIEF OPPOSING CERTIORARI

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November 16, 1971

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The Petition herein seeks issuance of the Writ of Certiorari because of conflict between the circuits. Respondent has now raised three points necessitating reply.

The Eighth Circuit Recognized the Conflict Between Circuits

In an effort to discredit our position as to the existence of a conflict, Respondent has cited an Eighth Circuit decision, *American Infra-Red Radiant Co.* v. *Lambert Industries, Inc.*, 360 F.2d 977, 997 (8th Cir. 1966), *cert. denied*, 385

U.S. 920 (1966). That decision, however, recognizes and comments upon the existence of the very conflict in question, i.e., the conflict between the Seventh and Tenth Circuits on the one hand and the Second Circuit on the other hand. The Eighth Circuit, after discussing its view, which appears to be an intermediate position, cites *Straus* v. *Victor Talking Machine Co.*, 297 F. 791 (2d Cir. 1924), as authority for the Second Circuit's absolute negative approach:

> "In addition we recognize the fact there is authority that no patent litigation expense may be recovered as treble damages in an anti-trust counterclaim. The leading case taking this approach is Straus v. Victor Talking Machine Co. * * *"

Thus Respondent's citation of *American Infra-Red Radiant* and the recognition therein of the conflict between the circuits further militates toward the necessity of review by this Court to settle the issue.

Respondent Has Not Distinguished *Kobe*

Respondent has attempted to distinguish the effect of *Kobe, Inc.* v. *Dempsey Pump Co.*, 198 F.2d 416 (10th Cir. 1952), *cert. denied*, 344 U.S. 837 (1952), by relying upon Judge Mansfield's finding below that the patent suits were instituted in good faith and for the purpose of resolving the issues of validity and infringement (A49). However, the trial court in *Kobe* likewise found the absence of bad faith. As the Tenth Circuit summarized it:

> "The trial court found that Kobe did not institute the infringement action in bad faith but believed that some of its patents were infringed * * *"—*Kobe, Inc.* v. *Dempsey Pump Co., supra*, 198 F.2d at 424.

The fact is that the bringing of the suits by Respondent was found below to have been one of the activities which prevented purge of the misconduct that rendered the patent unenforceable (A49). Respondent, as a matter of law, is conclusively presumed to be responsible for the consequences of its acts. *United States* v. *Patten,* 226 U.S. 525, 543 (1913).

Petitioner Was in Fact a Patent Infringement Defendant

The final point to which reply is made is Respondent's assertion that the cases in the Petition are not applicable because Petitioner-Ansul was not a patent infringement defendant in the case below. Petitioner-Ansul was a declaratory judgment plaintiff as well as an anti-trust claimant. This position by Respondent seeks to rate form over substance. In the complex history of the litigation, Petitioner-Ansul was, in fact, a patent infringement defendant. Petitioner was sued by Respondent for infringement of the patent in the United States District Court for the Western District of Tennessee, Civil Action No. 68-190.* The Tennessee action was stayed in favor of proceeding in the instant New York action. The fact that the case proceeded in New York rather than in Tennessee can have no bearing on the merits of the issue.

Respondent's position appears to analogize recovery here to recovery in an action for malicious prosecution or abuse of process. According to the Seventh Circuit, that analogy is incorrect:

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* A copy of the Tennessee Complaint, filed July 11, 1968, is in the Supplemental Appendix hereto.

> "The threefold damages here claimed are not dependent or contingent upon the outcome of plaintiff's action and plaintiff's attempted analogy to a counterclaim for malicious abuse of process consisting of the bringing of the case in chief is inappropriate."—*Dairy Foods, Inc.* v. *Dairy Maid Products Cooperative*, 297 F.2d 805, 809 (7th Cir. 1961).

The true issue here is whether an antitrust violator is free to assert his patent with impunity, despite the fact that his illegal acts have rendered the patent unenforceable.

The very threat of instituting suit can cause great injury to the accused. *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation*, —— U.S. ——, 91 S. Ct. 1434, 1445-46 (1971). To serve as a deterrent to conduct violating the antitrust laws, *Perma Life Mufflers, Inc.* v. *International Parts Corp.*, 392 U.S. 134, 139 (1968), the rule of the Seventh and Tenth Circuits should be adopted. The Second Circuit rule, applied below, which unqualifiedly permits the patentee to threaten and bring suit for infringement, regardless of the surrounding law violation, should not be allowed to stand.

Conclusion

The writ of certiorari should be granted.

Respectfully submitted,

JOHN A. DIAZ
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Supplemental Appendix

Patent Infringement Complaint Filed July 11, 1968

IN THE

UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

Civil No. 68-190

UNIROYAL, INC.,

Plaintiff,

vs.

THE ANSUL COMPANY and ROBERT SHOCKEY,

Defendants.

COMPLAINT

Plaintiff, against Defendants for its cause of action, alleges as follows:

1. Plaintiff, Uniroyal, Inc., is a corporation organized and existing under the laws of the State of New Jersey, and has its principal place of business in New York, New York.

2. Defendant, Ansul is a corporation organized and existing under the laws of the State of Wisconsin and has

a regular and established place of business in Memphis, Tennessee.

3. Defendant, Shockey, resides at 1531 Briar Cove, Memphis, Tennessee and is the Sales Manager of Agricultural Chemicals for The Ansul Company.

4. This action arises under the Patent Laws of the United States, more particularly under 35 U.S.C. §§271, 281. Jurisdiction is conferred on this Court by 28 U.S.C. §1338(a).

5. On October 21, 1952, United States Letters Patent No. 2,614,916 was duly and legally issued to Plaintiff (then called United States Rubber Company) as assignee of the inventors, Otto L. Hoffman and Dwight L. Schoene; and since that date has been and still is the owner of said Letters Patent.

6. Defendants have infringed and still are infringing, and including the infringement of and contributing to the infringement of said Letters Patent by using and selling the patented invention, and will continue to do so, causing irreparable harm to plaintiff, unless enjoined by this Court.

7. Defendants are on notice of the aforesaid Letters Patent.

8. Plaintiff manufactures and sells patented products covered by the claims of the aforesaid Letters Patent under

the designation MH-30, which has as its primary use the prevention of tobacco suckers.

9. Defendants' infringment includes, *inter alia,* the selling of a product having the identical active component as plaintiff's patented product, MH-30.

10. Plaintiff has been selling products covered by the aforesaid Letters Patent since 1952 and over five million dollars ($5,000,000) worth of the patented product each year since 1961, have been sold.

11. For the entire life of the patent, viz., over the past fifteen years, there has been public acquiescence in the validity of the aforesaid Letters Patent.

12. No attack on the validity of the aforesaid Letters Patent or infringement thereof has occurred since its issuance in 1952, until the infringement by defendants, though the agricultural chemical industry has been aware of the great commercial success of the patented product, MH-30.

13. The season for the application of plaintiff's patented product to tobacco plants is primarily during July and August of each year and the continued infringement by defendants will cause irreparable damage to plaintiff and to plaintiff's distributors who have purchased the patented product for resale in reliance upon the patent during the current selling season.

> "The threefold damages here claimed are not dependent or contingent upon the outcome of plaintiff's action and plaintiff's attempted analogy to a counterclaim for malicious abuse of process consisting of the bringing of the case in chief is inappropriate."—*Dairy Foods, Inc.* v. *Dairy Maid Products Cooperative,* 297 F.2d 805, 809 (7th Cir. 1961).

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13. The season for the application of plaintiff's patented product to tobacco plants is primarily during July and August of each year and the continued infringement by defendants will cause irreparable damage to plaintiff and to plaintiff's distributors who have purchased the patented product for resale in reliance upon the patent during the current selling season.

14. The continued sale by defendants of the infringing product will result in the infringement of the aforesaid Letters Patent by numerous distributors, dealers and tobacco growers and require plaintiff to institute and continue numerous suits to enjoin and recover damages against such distributors, dealers and tobacco growers.

WHEREFORE, Plaintiff prays for judgment against the Defendants enjoining Defendants' continued infringment, inducement of infringement and contributory infringement, for an accounting of profits, and a judgment against Defendants for damages sustained or which may be sustained by Plaintiff on account of the acts of Defendants herein complained of, for costs, and for attorney's fees, and such other and further relief as the court may deem proper and just.

/s/ LEO BEARMAN, JR.

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Supplemental Appendix

Patent Infringement Complaint

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

I, Thomas D. Ramsey, Eastern Regional Sales Manager of the Chemical Division for Uniroyal, Inc., make oath that the statements contained in the foregoing complaint are true.

/s/ THOMAS D. RAMSEY

Sworn to and subscribed
before me this 9th day
of July, 1968.

/s/ MARGARET ENGLISH

Notary Public

MARGARET ENGLISH
Notary Public, State of New York
No. 41-6191665
Qualified in Queens County
Cert. Filed in New York County
Commission Expires March 30, 1970